

RESOLUTION NO. 5982

WHEREAS, the cost of post-secondary education continues to increase each year; and

WHEREAS, as a result, many eligible and deserving persons are unable to obtain the financial assistance which they require to start or continue their post-secondary education; and

WHEREAS, the amount of funds available for making student loans may be increased through tax-exempt bonds issued by a nonprofit corporation without cost or liability of any kind on the part of the County; and

WHEREAS, the Arizona Student Loan Finance Corporation is a nonprofit corporation duly organized under the laws of the State of Arizona, established and operating exclusively for the purpose of acquiring student loan notes incurred under the Higher Education Act of 1965; and

WHEREAS, in accordance with Section 103(e) of the Internal Revenue Code of 1954, as amended, it is necessary that said corporation be requested to exercise such power by one or more political subdivisions in order for the interest on obligations issued by said corporation to be exempt from federal income taxes.

NOW, THEREFORE, BE IT RESOLVED, that the Arizona Student Loan Finance Corporation be and it is hereby requested to acquire student loan notes under the Higher Education Act of 1965.

BE IT FURTHER RESOLVED, that obligations issued or incurred by the Arizona Student Loan Corporation shall in no manner be deemed to constitute a debt or liability of the County, and the County shall have no obligation of any kind with respect to the payment thereof.

ADOPTED by the NAVAJO COUNTY BOARD OF SUPERVISORS this 3rd day of ~~July~~, 1982.
August,

NAVAJO COUNTY BOARD OF SUPERVISORS

By *Art P. Murray*
Chairman

Attest:

Diane Russell
Clerk of the Board *Deputy*

ARIZONA STUDENT LOAN FINANCE CORPORATION

Some major points regarding its organization:

1. It is an Arizona non-profit corporation, dated March 30, 1982
2. It will operate exclusively within the state of Arizona
3. It will benefit Arizona residents through making more funds available for student loans from Arizona lending institutions.
4. It will benefit Arizona post-secondary institutions by making more loan funds available to their students.
5. It will initiate in Arizona, a process which has, up to now, been available only through the Student Loan Marketing Association, Washington, D.C., and then only to the largest lenders.
6. There will be no cost to the State of Arizona or any of its political subdivisions, and no legal or financial liability to any of them.
7. There will be no additional costs to the student borrowers - if operations result in a surplus, which is highly likely within a year of start-up, those surpluses will be used to reduce the net cost to the students.
8. Supervision of operations will be by the Internal Revenue Service and the Federal Department of Education, both of which have audit responsibilities. In addition, a Certified Public Accountant will be engaged to conduct a yearly audit of the Company accounts and to certify as to its compliance with all pertinent regulations.
9. The company's Board of Directors serves without compensation and its officers and employees will be compensated at a rate comparable to other public employees.
10. The Corporation will appoint an Arizona banking institution to act as Trustee in all funding transactions - only normal operating amounts will be under the direct control of the Corporation officers.
11. All Arizona lenders who have made or are making student loans which are eligible for purchase by the Corporation will be able to qualify to participate in this program.
12. Funds for the purchase of eligible student loans will come from the issue by the Corporation's Trustee, of notes or bonds on a short-term basis, which are exempt from Federal Tax. These obligations will be secured by the student loans purchased.

For additional detail about the Corporation and its program, please refer to the April 19, 1982 excerpt from the Corporation's "Plan For Doing Business", which is being prepared for presentation to the United States Department of Education.

ARIZONA STUDENT LOAN FINANCE CORPORATION

April 19, 1982

(The following is excerpted from the preliminary Arizona Student Loan Finance Corporation "Plan For Doing Business" which is required by the United States Department of Education. This is intended to be a summary of major points only and is an unofficial presentation to assist in describing the operation of the Corporation.)

Secretary
U.S. Department of Education

Attn: Mr. H. Jeffrey Raffensperger, Chief
Institution and Lender Certification Branch
Division of Eligibility and Certification
Office of Student Financial Assistance
Washington, D.C. 20024

Re: Arizona Student Loan Finance Corporation/
Request for Approval of its Plan For Doing Business

Dear Mr. Raffensperger:

The undersigned President of the Arizona Student Loan Finance Corporation (the Corporation) hereby requests the approval of the Secretary of the United States Department of Education, pursuant to Section 420 (b) of the Education Amendments of 1980, P.L. 96-374, of the Corporation's Plan for Doing Business (the "Plan"), set forth below. In accordance with the Department of Education's Bulletin #R-109, G-45, and your other instructions, the Plan incorporates by reference the Corporation's articles of incorporation and by-laws, proposed forms of Indenture of Trust, Origination Agreement and Servicing Agreement, and other relevant documents.

PLAN FOR DOING BUSINESS

A. GENERAL OVERVIEW

1. The Corporation. The Arizona Student Loan Finance Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of Arizona March 30, 1982. At the request of certain cities and counties of the State of Arizona (pursuant to resolutions of their respective City Councils and Boards of Supervisors) the Corporation will operate exclusively to acquire student loan notes incurred under the Higher Education Act of 1965, as amended (the "Act"), by students residing in or attending post-secondary institutions throughout the State of Arizona. The Corporation will finance the acquisition of the student loan notes ("Eligible Loans") by the issuance of notes, bonds and other obligations.

The Corporation is requesting a private letter ruling from the Internal Revenue Service relating to the exemption from Federal income tax under Section 103(a)(2) and (e) of the Internal Revenue Code of 1954, as amended, of the interest (or original issue discount) on the obligations issued by the Corporation. The Corporation intends to issue obligations and to commence acquiring Eligible Loans as soon as possible after obtaining the ruling from the Internal Revenue Service, and seeks to qualify for the special allowances described in Section 438(b)(2)(D) of the Act with respect to the Eligible Loans it acquires.

2. The Trustee. The Corporation will issue from time to time Student Loan Finance Notes ("Notes") pursuant to an Indenture of Trust (the Indenture") between the Corporation and an Indenture Trustee (the "Trustee"). The Corporation intends to appoint an Arizona banking institution to serve as Trustee and is currently discussing with one such institution the terms of the Trusteeship. Pursuant to the Indenture, the Trustee will, on behalf of the Corporation, issue the Notes, receive the purchase price of the Notes and use such proceeds either to purchase Eligible Loans on behalf of the Corporation or to pay the principal of Notes then maturing.

3. Purchase of Eligible Loans. The Trustee will purchase Eligible Loans on behalf of the Corporation from banks and other financial institutions in Arizona which are "eligible lenders" under the Act (which may include the bank acting as Trustee) pursuant to Student Loan Origination Agreements ("Origination Agreements"). In accordance with the Origination Agreements, the Trustee will purchase Eligible Loans out of eligible lenders' existing portfolios, as well as Eligible Loans as originated by eligible lenders for the purpose of sale to the Trustee. (This will provide, particularly to small lenders, an element of liquidity never before available for the Student Loan program in Arizona.)

4. Servicer. The Corporation intends to contract with various organizations to service, administer and collect all Eligible Loans purchased by the Trustee. (The Corporation is currently discussing requirements and capabilities with four potential servicers, including two located in Arizona.)

5. The Corporation's Notes. The Notes will be short-term, tax-exempt obligations with maturities not exceeding 270 days, although it is anticipated that most of the Notes will have maturities of 30, 60 or 90 days. As a general rule, the Notes will be refinanced at maturity by the issuance of additional Notes. If the Corporation determines not to issue additional Notes, to refinance any maturing Notes, or if funds are not otherwise available for that purpose, the maturing Notes will be payable from (a) repayments of principal on Eligible Loans held by the Trustee; (b) amounts available in funds and accounts held by the Trustee pursuant to the Indenture; (c) the proceeds of the sale of all or a portion of the Corporation's portfolio of Eligible Loans held by the Trustee or (d) the proceeds of long-term bonds issued by the Corporation. Interest on the Notes will be payable from interest earnings on, or special allowance payments in respect of, the Eligible Loans held by the Trustee; from the earnings on investment securities held by the Trustee under the Indenture; or from other amounts available in the funds and accounts held by the Trustee under the Indenture.

In order to insure a source of liquidity for payment of Notes at any maturity date, the Corporation will establish a standby line of credit with one or more commercial banks. The Indenture provides that if the line of credit is drawn on by the Trustee, the Trustee will issue additional Notes under the Indenture to the bank(s) providing the line of credit. (The possibility exists that the Corporation will negotiate an unconditional letter of credit with the standby banks in lieu of the line of credit.)

6. Use of Income. Income of the Corporation (excluding amounts credited against the unpaid principal amount of Eligible Loans) after payment of expenses, debt service, and the creation of reserves for the same, will be applied to the purchase of additional Eligible Loans or will be used to lower the cost of the loans to the students. (This will be through the reduction of interest or by principal reductions on outstanding Loans.)

B. ASSURANCES.

The Corporation will make each of the Assurances set forth in Section 420(b) of the Education Amendments of 1980 as though fully set forth herein. To meet more fully the requirements of Bulletin #R-109, G-45, the Corporation further states to the Department of Education as follows:

1. Participation By Eligible Lenders. Each Eligible Lender in the state of Arizona which enters into an Origination Agreement with the Corporation may participate in the Program. The terms and conditions of the Origination Agreement executed by any eligible lender will be the same as the terms and conditions of the Origination Agreement executed by every other eligible lender. To the extent that proceeds of the Notes are sufficient, the Corporation, through the Trustee, will purchase all student loan notes tendered to it by all eligible lenders who have entered into an Origination Agreement with the Corporation. If proceeds are insufficient, the Corporation will purchase student loan notes from eligible lenders by an equitable method which will preclude discrimination against any eligible lender.

2. Relationship Between The Corporation's Directors and Employees and Servicers. The Corporation presently has no paid staff. Louis M. Linxwiler, Jr., President of the Corporation and one of its Directors, will execute a Certification, to the effect that he has on file certifications from himself and every other director, officer and staff member who receives compensation of any type from the Corporation that each owns no stock and receives no compensation of any type from any servicer.

3. Purchase price of Eligible Loans. The Indenture and the Origination Agreements state that the Corporation will purchase Eligible Loans from eligible lenders either at par or at a premium or discount which does not exceed one percent. The Corporation will establish a reasonable and appropriate transfer fee in respect of Eligible Loans purchased by the Corporation. Such fee (it may from time to time be revised) will apply to all eligible Loans purchased by the Corporation.

4. Eligible Students. The Corporation will use criteria for eligible students that follow Federal regulations and apply only to the extent that they "do not conflict with Title IV of the Higher Education Act of 1965, or any extensions thereof, or any similar act of Congress, and the rules and regulations adopted thereunder."

5. Development of Lender Participation. Representatives of the Corporation will contact eligible lenders throughout the State of Arizona in order to make the Corporation's Program known to them and will offer them the opportunity to enter into Origination Agreements. Execution by eligible lenders of Origination Agreements will promote their continued participation in the Program by establishing the terms, conditions and procedures for the sale to the Corporation of Eligible Loans on a regular basis, thus assuring a source of liquidity for those eligible lenders. To the extent that funds are available, the Corporation will escrow monies to guarantee to eligible lenders that their Eligible Loans will be purchased in the future.

6. Audit. The Corporation will engage a certified public accounting firm. The Corporation expects to enter into such an agreement in the near future, providing for, among other things, an annual audit of the Corporation which will include review of compliance by the Corporation with the provisions of this Plan For Doing Business.

7. Loan Purchase Procedures. The Corporation will follow Loan Purchase procedures as agreed to with its Servicer(s). Those procedures include completion of OE Form 1074, Loan Transfer Statement, for Federally Insured Loans, within ten business days of the sale closing date, and notification to a borrower of a sale within ten business days of the sale closing date.

If you have any questions or if you believe that a meeting with representatives of the Corporation would assist you, please contact Louis M. Linxwiler, Jr., 3311 East Georgia, Phoenix, Arizona 85018 (602-955-0363).

Respectfully submitted,

Arizona Student Loan Finance Corp.

By


Louis M. Linxwiler, Jr., President

BUD TIMS
CHAIRMAN

JIM WEEKS
COMMISSIONER

DIANE B MCCARTHY
COMMISSIONER



TIMOTHY A. BARROW
EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION

Re: Arizona Student Loan Finance Corporation

Greetings:

We are pleased to inform you that your Articles of Incorporation have been approved for filing and the notation stamped on the upper corner of the first page, with the filed information, is in lieu of your Certificate of Incorporation and is evidence of your corporate existence.

Your articles of Incorporation must be published within sixty (60) days, and the Affidavit of Publication must be returned to this office within ninety (90) days. Publication must be in a newspaper of general circulation in the county of the known place of business of the corporation.

As a corporation, you are required to continuously maintain both a statutory agent and a principal office address. Any change of the agent or office address requires the filing of a statement in the Commission's Office within thirty (30) days of such a change. Any change of the statutory agent will require that we receive evidence of the new statutory agent's acceptance of this position.

All corporations are required to file an annual corporate report. Since your fiscal year end is 12/31, the first annual corporate report of your new corporation is due 12/31/82. The applicable form will be mailed to your principal registered office address thirty (30) days prior to the date the report is due. The annual report filing fee for a profit corporation is \$30.00; a nonprofit corporation is \$10.00. Arizona law provides a grace period of three (3) months and fifteen (15) days from the due date, within which period of time you may file your annual corporate report. If your annual corporate report is not filed and fees are not paid on or before 04/15/83, penalties shall be assessed thereafter. You may want to retain this letter as a reminder, or mark your records accordingly, so that you will not inadvertently become liable for any statutory penalties or consequences for late filing or non-filing.

If you are in need of further services, you may contact us at our Phoenix Office. Hours are from 8:00 a.m. to 5:00 p.m., Monday through Friday at (602) 255-3026.

Very truly yours,

A handwritten signature in cursive script, appearing to read "J. D. Allen", is written over a horizontal line.

EXAMINER TECHNICIAN

INCORPORATING DIVISION - ARIZONA CORPORATION COMMISSION

145889

AZ. CORP COMMISSION
FOR THE STATE OF AZ.
FILED

MAR 23 3 05 PM '82

John P. Fallon
3/20/82
FILED

NONPROFIT ARTICLES

ARTICLES OF INCORPORATION

OF

ARIZONA STUDENT LOAN FINANCE CORPORATION

KNOW ALL MEN BY THESE PRESENTS

That the undersigned desires to form a nonprofit corporation under and pursuant to the laws of the State of Arizona and for that purpose hereby adopts these Articles of Incorporation.

ARTICLE I

The name of this corporation shall be Arizona Student Loan Finance Corporation.

ARTICLE II

The principal place of business of this corporation shall be in the City of Phoenix, County of Maricopa, State of Arizona.

ARTICLE III

A. This corporation is organized exclusively for charitable and educational purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954 as amended, (the "Internal Revenue Code").

B. The specific purposes of this corporation are:

1. To operate exclusively for the purpose of acquiring student loan notes incurred under the federal Higher Educational Act of 1965, as amended.

2. To issue bonds, notes and other evidences of indebtedness for the purpose stated in paragraph 1 above, such that all bonds, notes or other

evidences of indebtedness shall constitute "qualified scholarship funding bonds" as defined in Section 103(e) of the Internal Revenue Code.

3. To devote any income (excluding amounts credited against the unpaid principal amount of student loan notes); after payment of expenses, debt services, and the creation of reserves for the same, to purchase additional student loan notes.

ARTICLE IV

Incident to and in order to carry out the foregoing purposes, this corporation shall have and possess, subject to the other provisions of these Articles, all powers now or hereafter conferred upon nonprofit corporations by the laws of the State of Arizona.

ARTICLE V

A. Notwithstanding any other provision of these Articles, this corporation shall not carry on any other activities not permitted to be carried on: (a) by a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code or: (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code in computing the taxable income of the contributor.

B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

ARTICLE VI

This corporation is organized as a nonprofit corporation without capital stock and without members. The property of this corporation is irrevocably dedicated to charitable and educational purposes and no part of the net income or assets of this corporation shall ever inure to the

benefit of any director or officer of this corporation, or to the benefit of any private person, firm or corporation. Upon the dissolution or winding up of this corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to one or more organizations organized and operated exclusively for charitable or educational purposes and qualifying for exemption from federal income tax pursuant to Sections 501(a) and 501(c)(3) of the Internal Revenue Code. Any such assets not so disposed of shall be disposed by the Superior Court of the County in which the principal office of this corporation is then located, exclusively to one or more such organizations, as said Court shall determine.

ARTICLE VII

The power of indemnification under the Arizona Revised Statutes shall not be denied or limited by the bylaws.

ARTICLE VIII

The annual meeting is to be held at a place within or without the State of Arizona as fixed by the bylaws.

ARTICLE IX

The name and address of the initial statutory agent of the corporation is:

Louis M. Linxwiler, Jr.
3311 East Georgia
Phoenix, Arizona 85018

ARTICLE X

There shall be no less than three (3) Directors. The names and addresses of the persons who are to serve as Directors until the first annual meeting of Directors or until their successors are elected and qualified are:

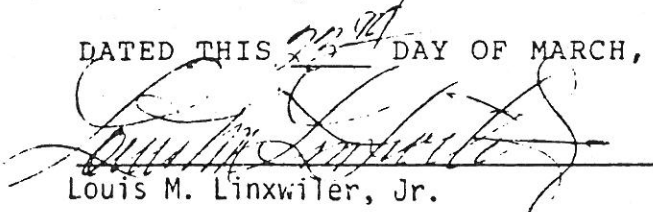
Louis M. Linxwiler, Jr.
3311 East Georgia
Phoenix, Arizona 85018

Helen Kiefhaber
7350 Via Paseo del Sur
Apartment C102
Scottsdale, Arizona 85258

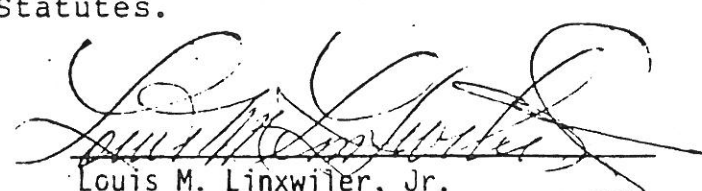
Dr. Lawrence H. Pozil
7125 East Lincoln Drive
Suite 105
Scottsdale, Arizona 85254

Louis M. Linxwiler, Jr. as listed above, is the INCORPORATOR of this corporation.

DATED THIS 22nd DAY OF MARCH, 1982.


Louis M. Linxwiler, Jr.

I, Louis M. Linxwiler, Jr. having been designated to act as Statutory Agent, hereby consent to act in that capacity until removed, or resignation is submitted in accordance with the Arizona Revised Statutes.


Louis M. Linxwiler, Jr.

THE FEDERAL GUARANTEED STUDENTLOAN PROGRAM

Title IV, Part B of the Higher Education Act of 1965, as amended, and regulations promulgated thereunder by the Secretary of Health, Education and Welfare currently authorize:

- (a) insurance of student loans made by eligible lenders to students attending eligible institutions,
- (b) Interest subsidy payments to eligible lenders with respect to student loans, and
- (c) Special Allowance Payments to eligible lenders based on the unpaid balance of the outstanding student loans.

Student loans made on or before September 30, 1981 qualify for these benefits provided certain conditions are met.*

Eligible lenders for student loans under the Higher Education Act include institutions of higher education or vocational schools, agencies or instrumentalities of a State, financial or credit institutions subject to examination by an agency of the United States or any state, and pension funds. Eligible institutions at which students may utilize loan proceeds include institutions of higher education,

*Authorization dates for such loans have been routinely extended in prior versions of the Higher Education Act. In the case of students to whom at least one loan has been made prior to September 30, 1981, the authority for further loans extends to September 30, 1985.

vocational schools, and certain approved educational institutions outside the United States.

U.S. Federal Student Loan Insurance

The U.S. Commissioner of Education ("the Commissioner") will provide federal loan insurance to lenders in a state where student insured loans are otherwise not available. Individual student loans under the program must be individually approved by the Commissioner or the Commissioner may issue a certificate of comprehensive insurance coverage to any eligible lender which will permit coverage without further action upon all insurable loans made by that lender on or after the date of the certificate and before a specified cutoff date.

Student loans are eligible for insurance under the Higher Education Act provided they meet the following conditions:

- (a) the applicant must be accepted for enrollment or enrolled in good standing at an eligible institution and carrying at least 1/2 the normal full-time academic workload as determined by that institution;
- (b) insured loans to undergraduate students may not exceed \$2,500 in any academic year or \$5,000 in the case of graduate or professional students;
- (c) the aggregate amount of insured loans outstanding to an undergraduate may not exceed \$7,500 or \$15,000 in the case of a graduate or professional student, including loans to such persons for undergraduate education.

Under the insurance program, lenders are liable to pay a

premium in an amount equal to $1/4$ of 1% per year of the unpaid principal balance of an insured loan (excluding interest or other charges which may have been added to the principal).

Loans are considered to be in default upon failure of the student borrower to make an installment payment when due or when the circumstances suggest the student borrower no longer intends to honor his obligation, usually following a delinquency period of 120-180 days. Claims for insurance will be paid if a student borrower has died or becomes permanently disabled or has been relieved of his obligation through discharge in bankruptcy. Claims will also be paid provided the lender has used due diligence to collect the defaulted loan, including the issuance of a written demand for payment not less than 30 days nor more than 60 days prior to the filing of the claim, and adequate documentation is presented to the Commissioner. Claims will be paid in the amount equal to 100% of the unpaid balance of the principal amount plus accrued and unpaid interest.

In addition to federal insurance of student loans, the Commissioner of Education is authorized to enter into supplemental guaranty agreements with a state guaranty agency to reimburse up to a maximum of 100% of any amount expended by a guaranty agency in the discharge of its own insurance obligations. Such supplemental agreements are

subject to annual renegotiation and depend upon the claims rate experience of the guaranty agency. To be eligible for such reimbursement payments, student loans guaranteed by a guaranty agency must be made by an eligible lender under a program which meets the requirements prescribed by the rules and regulations promulgated under the Higher Education Act.

In addition to the federal loan insurance, the Higher Education Act also provides full payment of a federal interest subsidy.

Interest Subsidy Payments

The Commissioner of Education makes interest subsidy payments quarterly on behalf of the student to the holder of an insured loan. Quarterly subsidy payments are in an amount equal to the accrued interest on the unpaid principal prior to the commencement of the repayment period of the loan or during any period during which repayment is properly deferred. Interest subsidy payments are made (i) during a period while the student is enrolled at least half-time in an eligible institution, (ii) during a 9-12 month grace period pending repayment of the insured loan, (iii) during a period not exceeding three (3) years while the student is a member of the armed forces or in the Peace Corps or Vista, (iv) during a single period not to exceed 12 months

while the student is seeking and unable to find full-time employment and (v) during any period that the student is pursuing a full-time course of study at an eligible institution.

Insured loans disbursed on or after November 1, 1978 qualify for interest subsidy payments regardless of the student borrower's family income level. Prior to that date, the adjusted family income of a participating student could not exceed \$25,000, and prior to November 12, 1976, the adjusted family income of a student could not exceed \$15,000.

Insured loans must provide for payment of interest at a rate not to exceed 7% per annum. Repayment of principal or interest by the student are not required during the in-school period and the subsequent grace period.

Repayment of insured loans must commence not earlier than nine (9) months nor later than one (1) year from the end of the in-school period. The loans must be repaid over a period of not less than five (5) years nor more than 10 years from commencement of the repayment period and, in no event, over a period in excess of 15 years from the date of making the loan. Payments of principal and interest must, in general, be made at a rate of not less than \$360 annually.

Interest subsidy payments are available both as to federally insured loans and to qualifying loans which are guaranteed by qualifying state agencies or private non-profit corporations.

Special Allowance Payments

The Higher Education Act also provides for Special Allowance Payments by the Commissioner of Education to holders of qualifying student loans. The purpose of such payments is to insure that the return to the holders of the loans is not less than equitable, taking into account relative costs of administration and money market conditions.

Since January 1, 1977, the amount of Special Allowance Payments made on a quarterly basis has been computed based on the average of the bond equivalent rates of 91 day Treasury bills auctioned during the preceding quarter, less 3.5%, rounded upward to the nearest $\frac{1}{8}$ of 1% and divided by 4, subject to a ceiling of 5%. If the Special Allowance Payments have not been authorized within 30 days after they are requested, the Commissioner of Education is required to pay interest on the amount due at a rate of 7% plus the special allowance rate.

Section 103(c)(5) of the Internal Revenue Code, as amended in 1976, provides that payments made by the Commissioner of Education pursuant to Section 438 of the Higher Education Act of 1965 are not to be taken into account in determining yields on student loan notes. Section 438 of the Higher Education Act is entitled "Special Allowances" and includes only the payments made to insure a return to holders of the loans that is not less than equitable. Section 438 does not include (i) the interest subsidy payments, (ii) special payments to states and non-profit private institutions under guaranty agreements for administrative costs, (iii) certain fixed payments made to eligible institutions for each student receiving covered loans, or (iv) advances to a state guaranty agency made by the federal government.

Federal Administrative Costs Allowances

Under the 1976 amendments to the Higher Education Act, a guaranty agency is eligible to receive an administrative cost allowance up to 1/2% of the total principal amount of the loans guaranteed by the guaranty agency in any fiscal year. The agency must use 1/2 of this amount for administrative costs of preclaims assistance for default prevention and collection of defaulted loans, one quarter for the costs

of promoting commercial lender participation and the balance for such other costs as may be necessary. A guaranty agency which agrees to insure student loans to all eligible students accepted for enrollment or attending eligible institutions, regardless of the state of residency of the students, is eligible to receive an additional 1/2% administrative allowance.

Payments to Eligible Institutions

Each eligible institution is entitled to receive a payment by the Commissioner of \$10 per academic year for each student enrolled in the institution who is in receipt of an insured loan. This payment is to be used for dissemination of information to students about the insured loan program and for administrative costs.

Federal Advances

Pursuant to certain agreements entered into between a state guaranty agency and the Commissioner of Education, the Commissioner of Education is authorized to advance moneys from time to time to a guaranty agency for the purpose of establishing and strengthening the guaranty agency's guarantee fund. The Commissioner may request repayment of advances under the agreement at such times and to the extent that he or she determines best carries out the purposes of the Higher Education Act.

THE BOARD OF SUPERVISORS
COUNTY OF MARICOPA
STATE OF ARIZONA

R E S O L U T I O N

WHEREAS, the cost of post-secondary education continues to increase each year; and

WHEREAS, an inadequate amount of funds are available for low-cost student loans under the guaranteed student loan program established pursuant to the Higher Education Act of 1965; and

WHEREAS, as a result, many eligible and deserving persons are unable to obtain the financial assistance they require to start or to continue their post-secondary education; and

WHEREAS, the amount of funds available for making student loans may be increased through tax-exempt bonds issued by a nonprofit corporation without cost or liability of any kind on the part of the County; and

WHEREAS, the Arizona Student Loan Finance Corporation will be, when organized, established and operated exclusively for the purpose of acquiring student loan notes incurred under the Higher Education Act of 1965; and

WHEREAS, in accordance with Section 103(e) of the Internal Revenue Code of 1954, as amended, it is necessary that said corporation be requested to exercise such power by one or more political subdivisions in order for the interest on obligations issued by said corporation to be exempt from Federal income taxes.

NOW, THEREFORE, BE IT RESOLVED that the Arizona Student Loan Finance Corporation be, and it is hereby requested to acquire student loan notes incurred under the Higher Education Act of 1965.

BE IT FURTHER RESOLVED that obligations issued or incurred by said corporation shall in no manner be deemed to constitute a debt or liability of this County, the County shall have no obligation of any kind with respect to the payment thereof.

ADOPTED by the Maricopa County Board of Supervisors this 19th day of April, 1982.

APPROVED:

[Handwritten signatures: Superintendant, County Clerk, Edward L. Patten, and Jon Patten]

ATTEST:

Clerk of the Board

RESOLUTION

NO. 82-5-7

WHEREAS, the cost of post-secondary education continues to increase each year; and

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PASSED AND ADOPTED this 24th day of May, 1982.

GILA COUNTY BOARD OF SUPERVISORS

ATTEST:

By

Robert P. Casillas
Chairman

Rose Marie Phillips

Clerk